

# GATA & NEW FEDERAL UNIFORM GUIDANCE



## Highlights of Significant Changes

# New Federal Uniform Guidance and GATA

- ❖ What changed?
- ❖ How does it affect State agencies?
- ❖ How does it affect State funded awards?
- ❖ How does it affect Subawards?
- ❖ What do I do now?

Answers and help are available!





# Grant Accountability and Transparency Act 30 ILCS 708

## GATA Objectives

- ❖ Assists State agencies and grantees in implementing the new federal guidance at 2 CFR 200 (Uniform Guidance)
- ❖ Increase accountability and transparency while reducing administrative burden
- ❖ Leverages the Federal Uniform Guidance for state grants
- ❖ Establishes uniform processes throughout grant life cycle
- ❖ Creates the Catalog of State Financial Assistance (CSFA)
- ❖ Provides training and technical assistance to State agencies and grantees



# Grant Accountability and Transparency Act 30 ILCS 708

## GATA Objectives

Optimizes resources by eliminating duplicate efforts through centralization of common compliance requirements including:

- ❖ Pre-qualification
- ❖ Fiscal and Administrative Risk Assessment
- ❖ Audit Report Reviews
- ❖ Negotiation of Indirect Cost Rate Agreements
- ❖ Coordination of Fiscal and Administrative On-site Reviews





# Grant Accountability and Transparency Act 30 ILCS 708

## GATA Objectives

Creates standardized processes and templates:

- ❖ Pre-Qualification
- ❖ Grant Application Process
- ❖ Budget and Financial Reporting template
- ❖ Fiscal, Administrative and Programmatic Internal Control Questionnaires
- ❖ Specific Conditions for high risk grantees
- ❖ Grant Agreements
- ❖ Year-end reporting template



# GATA: Applicability

## GATA applies to:

- ❖ State agencies that receive federal funding
- ❖ State agencies that receive State funding to administer State grant programs.
- ❖ State agencies that make State awards
- ❖ Entities that receive State awards.
- ❖ Entities that receive Federal pass-through awards.
- ❖ Limited exceptions are noted in Section 45 of GATA.

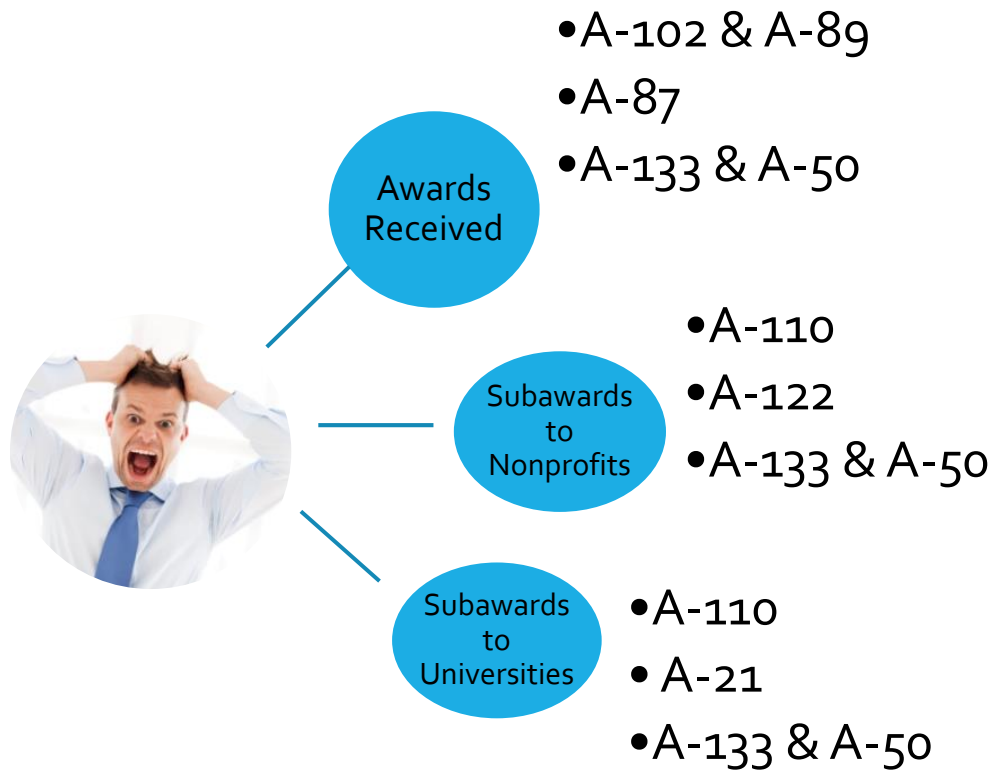
# New Federal Uniform Guidelines Overview



# New Federal Guidance 2 CFR 200 Part 200

## Eliminating Duplicative and Conflicting Guidance

### BEFORE:



### AFTER:

**All OMB  
guidance  
streamlined in  
2 CFR Part 200**





# Uniform Guidance Overall Goals

- ❖ Eliminate Duplicative and Conflicting Guidance
- ❖ Focus on Performance and Outcomes
- ❖ Increase Efficiency and Effectiveness
- ❖ Make Best Use of Resources
- ❖ Strengthen Oversight Including Formalizing Internal Controls
- ❖ Target Audit Requirement of Risk of Waste, Fraud and Abuse

# 2 CFR Part 200 Organization by Subpart



- Subpart A    Acronyms and Definitions (**§200.0 – 200.99**)
- Subpart B    General Provisions (**§200.100 – 200.113**)
- Subpart C    Pre-Award Requirements and Contents of Federal Awards (**§200.200 – 200.213**)
- Subpart D    Post-Award Requirements (**§200.300 – 200.345**)
- Subpart E    Cost Principles (**§200.400 – 200.475**)
- Subpart F    Audit Requirements(**§200.500 – 200.520**)



# Appendices

- I. Notice of funding opportunity
- II. Contract provisions
- III. Indirect costs – Higher Ed
- IV. Indirect costs – Nonprofits
- V. State/local government central service cost allocation plans
- VI. Public assistance cost allocation plans
- VII. State/local government indirect cost proposals
- VIII. Nonprofits exempted from Federal cost principles
- IX. Hospital cost principles
- X. Data Collection Form (SF-SAC)
- XI. Compliance Supplement



# The e-CFR at [www.ecfr.gov](http://www.ecfr.gov)

**e-CFR Data is current as of March 19, 2015**

<i>Title</i>	<i>Volume</i>	<i>Chapter</i>	<i>Browse Parts</i>	<i>Regulatory Entity</i>
Title 2 Grants and Agreements	1	Subtitle A—Office of Management and Budget Guidance for Grants and Agreements		
			1	OFFICE OF MANAGEMENT AND BUDGET GUIDANCE FOR GRANTS AND AGREEMENTS
		I	2-199	OFFICE OF MANAGEMENT AND BUDGET GOVERNMENTWIDE GUIDANCE FOR GRANTS AND AGREEMENTS
		II	200-299	OFFICE OF MANAGEMENT AND BUDGET GUIDANCE
		Subtitle B—Federal Agency Regulations for Grants and Agreements		
		III	300-399	DEPARTMENT OF HEALTH AND HUMAN SERVICES
		IV	400-499	DEPARTMENT OF AGRICULTURE
		VI	600-699	DEPARTMENT OF STATE
		VII	700-799	AGENCY FOR INTERNATIONAL DEVELOPMENT
		VIII	800-899	DEPARTMENT OF VETERANS AFFAIRS
		IX	900-999	DEPARTMENT OF ENERGY
		X	1000-1099	DEPARTMENT OF TREASURY
		XI	1100-1199	DEPARTMENT OF DEFENSE
		XII	1200-1299	DEPARTMENT OF TRANSPORTATION
		XIII	1300-1399	DEPARTMENT OF COMMERCE
		XIV	1400-1499	DEPARTMENT OF THE INTERIOR



# Highlights of Significant Changes Pre-Award Requirements

## Subpart C

- ❖ **200.203 – Notices of Funding Opportunities**
  - Competitive awards
  - General rule – minimum of 60 days (State rule is 45 days)
  - Some exceptions, but in no case shorter than 30 days
- ❖ **200.204 – Federal Awarding Agency Review of Merit Proposals**
  - Competitive awards
  - Must design and perform a merit review process separate from the financial risk review





# Highlights of Significant Changes Pre-Award Requirements

## Subpart C

- ❖ **200.205 – Federal Awarding Agency Review of Risk Posed by Applicants**
  - Federal agencies are required to use information available through any OMB-designated repositories:
    - ✓ Single Audit reports, FAPIIS, D&B, “Do Not Pay”
  - Must create a “framework” for reviewing risk
    - ✓ Competitive awards
    - ✓ Conditions of the award may be adjusted to match the assessed level of risk.



# Highlights of Significant Changes Pre-Award Requirements

## Subpart C

- ❖ **200.207 – Specific Conditions**
  - Has been expanded to include a list of examples of specific conditions that may be applied to an award by either the Federal agency or pass-through entity
    - ✓ Certain approvals, additional financial reporting, etc.;
    - ✓ Must provide the nature of, reason for, action required, timeline allowed, and method for requesting reconsideration
- ❖ **200.210 – Information Contained in a Federal Award**
  - a(14) – Identification of R&D awards



# Highlights of Significant Changes Post Award Requirements

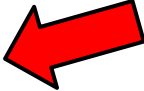
## Subpart D

- ❖ New sections added
  - Mandatory disclosures
  - Performance management
  - Internal controls
  - Subrecipient monitoring and management
- ❖ Significant changes from existing guidance
  - Procurement (NFP's, IHE's)
  - Financial and performance reporting
  - Record retention and access



# Highlights of Significant Changes Post Award Requirements

## Subpart D - Internal Controls Overview

- ❖ OMB Directive
  - *Mitigate the risk of fraud, waste and abuse* 
  - “Internal Control” not previously mentioned – use of term “controls” was used throughout
  - Explicit mention now made in new section titled Internal Controls (200.303)
  - References several sources of Internal Control guidance with which the system of internal controls should be in compliance



# Highlights of Significant Changes Post Award Requirements

## Subpart D - Internal Controls Overview

### ❖ Awardee Entity must:

- Establish and maintain effective internal controls over Federal awards
- Comply with terms and conditions applicable to the Federal award and other applicable laws and regulations
- Evaluate and monitor the awardee's compliance with Federal awards
- Take prompt action when issues of noncompliance are identified
- Take reasonable measures to ensure the protection of personally identifiable information





# Highlights of Significant Changes Post Award Requirements

## Subpart D – Subrecipient Monitoring Overview

- ❖ Subrecipient vs. Contractor determination
- ❖ Subaward agreement contract provisions
- ❖ Monitoring of subrecipients



# Highlights of Significant Changes Post Award Requirements

## Subpart D –Subrecipient Monitoring Overview

All pass through entities must:

- **Subaward agreement** requirements including state and federal compliance requirements
- Evaluate subrecipient's risk
- Consider imposing specific subaward conditions [200.207]
- Monitor the activities of the subrecipient



# Highlights of Significant Changes Post Award Requirements

## Subpart D –Subrecipient Monitoring Overview

- ❖ Depending on the subrecipient risk assessment, perform such other monitoring procedures (monitoring tools listed)
- ❖ Verify that every subrecipient is audited
- ❖ Review the results of the audit and corrective action plan
- ❖ Monitor the implementation of the correction action plan
- ❖ Consider results of subrecipient audits and monitoring on the pass through entity's records
- ❖ Consider taking enforcement action on subrecipient [200.338]



# Highlights of Significant Changes Post Award Requirements

## Subpart D Subrecipient Monitoring Overview

- ❖ Monitoring of the subrecipient must:
  - Review financial and programmatic reports required by the pass through entity
  - Ensure deficiencies identified through audits, on-site reviews and other means are followed up on timely
- ❖ Risk assessment is key in determining level of further monitoring [200.331(b)]
- ❖ Optional monitoring tools [200.331(e)]:
  - Provide technical training and assistance
  - On-site reviews
  - Arrange Agreed Upon Procedure Engagements (allowable audit costs 200.425)

# Highlights of Significant Changes Post Award Requirements

## ❖ Subpart D – Procurement [200.318 – 200.326]

- ❖ State's must follow state procurement policies and procedures
- ❖ Non-Profit, Local Government and Higher Education must use one of the following procurement procedures:
  - Procurements by micro-purchases
  - Purchase <\$3k
    - ✓ Competitive quotations not necessary if price is determined to be reasonable
- ❖ Procurement by small purchase procedures
  - Simplified Acquisition Threshold (currently \$150k)
  - Price or rate quotations must be obtained by an adequate # of qualified sources





# Highlights of Significant Changes Post Award Requirements

## Subpart D - Procurement

- ❖ Procurement by sealed bid (formal advertising) – construction contracts
  - Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.
- ❖ Procurement by competitive proposals
  - Normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded.
  - Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical



# Highlights of Significant Changes Post Award Requirements

## Subpart D Non-Competitive Procurements

- ❖ Existing requirements -requires documents to be available for review (if requested) for noncompetitive bids greater than small purchase threshold
- ❖ Noncompetitive procurements may only be used when one or more of the following circumstances apply:
  - Item is available only from a single source
  - Public exigency or emergency will not permit delay from competitive proposal process
  - After solicitation of a number of sources, competition is determined inadequate
  - Awarding agency expressly authorizes noncompetitive upon written prior approval



# Effective Dates and Grace Period for Procurement

## Two year grace period after the effective date of the Uniform Requirements for Nonprofits and Universities

- ❖ For procurement policies and procedures, the non-Federal entity must, in the two full fiscal years that begins on or after **December 26, 2014**:
  - Document whether it is in compliance with the old or new standard, and must meet the documented standard;
  - For example, a non-Federal entity with a June 30<sup>th</sup> year end would be the year ending June 30, 2017;
  - The Single Audit Compliance Supplement will instruct auditors to review procurement policies and procedures based on the documented standard.
  - For future years, all non-Federal entities will be required to comply fully with the Uniform Requirements.



# Highlights of Significant Changes Post Award Requirements

## Subpart D – Financial and Performance Reporting

- ❖ Financial Reporting
  - GOMB/OMB-approved data elements for collection of financial information
  - No less frequently than annually nor more frequently than quarterly except under unusual circumstances
- ❖ Monitoring and Reporting Program Performance
  - Expanded with increased focus on reporting of program performance
  - Non-construction performance reports
  - Construction performance reports



# Highlights of Significant Changes Post Award Requirements

## Subpart E - Cost Principles – Key Changes

- ❖ Language converged from existing cost principles (except for hospitals)
- ❖ Prior written approval
- ❖ Time and effort reporting
- ❖ Indirect cost recovery
- ❖ Other selected items of cost





# Highlights of Significant Changes Post Award Requirements

## Subpart D – Financial and Performance Reporting

- ❖ Consideration of advanced approval from cognizant Federal agency or Federal awarding agency
- ❖ Comprehensive list of selected items of cost where prior written approval is needed
- ❖ When in doubt obtain prior written approval



# Highlights of Significant Changes Post Award Requirements

## Subpart E - Cost Principles – Key Changes- Personnel Expense Documentation Requirements:

- ❖ System of internal control providing reasonable assurance charges are accurate, allowable and allocable
- ❖ Records incorporated into official records of entity
- ❖ Reasonably reflect total activity for which employee is compensated
- ❖ Encompass all activities
- ❖ Comply with entity's policies and procedures



# Highlights of Significant Changes Post Award Requirements

## Subpart E - Cost Principles – Indirect Costs, Federally Negotiated

- ❖ Negotiated rate must be accepted unless cap on indirect recovery required by statute or approved by Federal agency head or designee
  - Federally agency approval, policies and general decision making criteria for lowered IDC recovery must be made publicly available
  - Indirect cost reimbursement policy to be included in the Notice of Funding Opportunity
- ❖ May apply for an extension of previously negotiated rate for up to 4 years
  - Impact on settlement of provisional and fixed carryforward rates



# Highlights of Significant Changes Post Award Requirements

## Entities without a Federally Negotiated Indirect Cost Rate

- ❖ Options for indirect cost recovery
  - Negotiate IDCRC with pass through entity using guidelines of this Part
  - Indefinite application of “de minimis” indirect cost rate of 10% of Modified Total Direct Costs (MTDC), ONLY if the entity has NEVER had a federally negotiated indirect cost rate
  - Impact on pass through agencies
  - Required use of existing Federal agency methods (DHHS, DOL)
  - Centralized function under GATA – negotiated once and all agencies will accept the rate, unless statutory cap



# Highlights of Significant Changes Post Award Requirements

## Subpart F - Audit Requirements – Single Audit Threshold

### ❖ **200.501 Audit Requirements**

- Threshold increased to **\$750k** from **\$500k** in federal expenditures during the awardee's fiscal year

### ❖ **200.518 Major Program Determination – Type A Program Determination**

- Percentage of coverage rule
  - ✓ Reduced to 20% from 40%
  - ✓ From 25% to 50%





# Highlights of Significant Changes Post Award Requirements

## Subpart F - Audit Requirements – other significant changes

### ❖ **200.510 – Financial Statements**

- New disclosure for whether or not the awardee entity elected to use the 10% de minimis cost rate (200.414)

### ❖ **200.516 – Audit Findings**

- Questioned costs threshold for reporting is \$25k, increased from the current \$10k
  - ✓ Note this is both “known” and “likely”



# Highlights of Significant Changes Post Award Requirements

## Audit Requirements for “For Profit” Entities

- ❖ For Profit entities will be required to have a program specific audit conducted if their funding meets the Single audit threshold of \$750,000 or more
  - Conducted in accordance with 2 CFR 200.507
  - Must use the Program-specific audit guide when available
  - If a Program-specific guide is not available, the auditee and auditor must have the same responsibilities for the Federal program as they would have for a major program in a single audit



# Highlights of Significant Changes Post Award Requirements

## GATA Audit Requirements for Entities that do not meet the Single Audit Threshold:

- ❖ Recipients and subrecipients receiving \$300,000 or more in **total revenues**, must have a financial statement audit conducted in accordance with Generally Accepted Auditing Standards (GAAS); (Attorney General audit requirements)
- ❖ Recipients and Subrecipients who expend between \$300,000 and \$500,000, must have the financial audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and are deemed to be high risk are also required to undergo an Agreed Upon Procedures (AUP) audit, paid for and arranged by the pass-through entity in accordance with 2 CFR 200.425 for up to 2 out of four of the applicable compliance areas



# Highlights of Significant Changes Post Award Requirements

## GATA Audit Requirements for Entities that do not meet the Single Audit Threshold:

- ❖ Recipients and Subrecipients who expend between \$500,000 and \$749,999 in state and federal grant funding, must have a financial statement audit conducted in accordance with GAGAS (paid for arranged by the grantee) and are deemed to be high risk are required to undergo an AUP audit, arranged and paid for by the grantor and/or pass-through agency in accordance with 2 CFR 200.425 for up to 4 of the compliance areas:
  - 1) Activities Allowed or Unallowed
  - 2) Allowable Costs/Cost Principles
  - 3) Eligibility
  - 4) Reporting

# New Federal Guidance & GATA

## Highlights of Significant Changes

Questions







# GATA is Good Government

**Landmark legislation.**

**Sets the bar for grant accountability.**

**Sets the bar for grant transparency.**

**Win-win for government and grantee community.**

**Improves performance outcomes.**

**Reduces risk of fraud, waste, and abuse.**

**Saves State agencies and grantees hundreds of millions of dollars.**